March 18,2004

Communications Division
Public Information Room
Mailstop 1-5
Office of the Comptroller of the Currency
250 E Street, S.W.
Washington, D. C. 20219
Docket No. 04-06

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D. C. 20429

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D. C. 20551
Docket No. R-1181

Regulation Comments
Chief Counsel's Office
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D. C. 20552
Attention: No. 2004-04

Re: Community Reinvestment Act Regulations; Joint Notice of Proposed Rulemaking, February 6,2004

Dear Sir/Madam:

I am writing on behalf of the Virginia Bankers Association (the "VBA") to comment on the above proposal. The VBA represents the interests of approximately 160 banks and thrifts doing business in the Commonwealth of Virginia.

The VBA commends the federal banking agencies for proposing to expand the number of banks and thrifts (hereinafter collectively referred to as "banks") eligible for the streamlined "small institution" examination standards. Currently, only those institutions with less than $250 million in assets that are either independent or affiliated with a holding company with less than $1 billion in assets qualify for this streamlined approach. Your proposal would increase the asset size threshold to $500 million, and eliminate the holding company restriction.

We applaud the agencies for recognizing that growth and consolidation in the banking industry necessitate an increase in the small bank limit under the regulations. And we agree that there is no justification for treating small banks that are part of a holding company any differently than independent small banks; small banlts with a holding company do not find addressing their CRA responsibilities any less burdensome than similarly situated banks without a holding company.

We would, however, urge the agencies to increase the threshold to $1 billion instead of $500 million. Placing the threshold at $1 billion would not impact the vast majority of bank assets, which, because they are held by large institutions, will still be

subject to the full CRA examination process. But it would increase the number of smaller institutions that are relieved of unnecessary regulatory burden. As your notice indicates, the compliance burden on institutions just above the threshold, measured as a cost of compliance relative to asset size, is generally proportionally higher than the burden on institutions far above the same threshold. Accordingly, we believe the agencies should go further to relieve the compliance burden by increasing the asset threshold to $1 billion.

We emphasize that our member banks are incurring significant costs in CRA compliance that many of their competitors (e.g., credit unions) are not. We therefore believe it is very important for the agencies to do all they can to minimize the burdens associated with CRA. We appreciate the opportunity to comment on this important proposal.

Sincerely,

Walter C. Ayers
Executive Vice President

WCA/sk